enter the Health Insurance Business. These proposals require changes to the existing Insurance Laws.

Interest rates on Provident Fund

730. SHRI GURUDAS DAS GUPTA:
SHRI J. CHITHARANJAN:

Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering the question of increasing the interest rates on the corpus of Provident Fund; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) No Sir.

(b) Does not arise.

Investigations in CRB Scam

731. SHRI M.A. BABY: Will the Minister of FINANCE be pleased to state:

(a) whether Government has undertaken the investigation of the CRB Scam involving 1,200 crore rupees;

(b) if so, the details of the cases registered against C.R. Bhansali and his associates;

(c) whether Government propose to take steps so that the losses of the people are compensated; and

(d) the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) The main activities of CRB Capital Markets Ltd. were hire purchase, leasing finance and merchant banking. A complaint was received in December, 1996 by RBI from Tourism Finance Corporation of India Ltd. regarding default of repayment of deposits by CRB Capital Markets Ltd. Global Trust Bank Ltd. has also reported to RBI in March, 1997 about development of Letter of Credit opened by a group Company. Further, the company fraudulently overdrew its accounts with the State Bank of India, Mumbai Main Branch (MMB) for payment of interest warrants, deposit refunds and brokerage warrants by an amount of over Rs. 58 crores. Keeping in view the findings of the inspection carried out between November, 1996 to January, 1997 and the subsequent developments, especially relating to the SBI, the RBI issued prohibitory orders in April, 1997 under section 45MB(1) & (2) of RBI Act directing the company not to accept any further deposits and not to alienate any assets without prior permission of RBI. The RBI filed a winding up petition in the Delhi High Court under section 45 MC of the RBI Act on 21.5.1997. A provisional Liquidator has been appointed by the Delhi High Court.

Government has asked the regulators, i.e. RBI and SEBI to undertake a thorough internal review of the regulatory actions in regard to these companies to see if there have been any lapses in application of regulations to CRB group of companies or in responding to warning signals, so that these deficiencies can be corrected. Government has also advised the State Bank of India to ascertain whether there was any internal failure to act on early warning signals emanating from the defaults in the payment arrangements with CRB Capital Markets Ltd. At the operative level an interdepartmental group comprising representatives of CBI, RBI, SBI and State Government has been constituted to ensure concerted action. RBI has also issued detailed instructions to banks prescribing the procedural safeguards to be taken into account while providing "at par" payment facilities to companies.

(c) and (d) The Provisional Liquidator has initiated steps to crystallise the assets and liabilities of the Company. The issue of settlement of claims of creditors in now subjudice and would proceed as per the provisions of law and directions of the Delhi High Court.

Honouring of Cheques issued by Bhansali by SBI

732. SHRI DIPANKAR MUKHERJEE:
SHRI NILOTPAL BASU:

Will the Minister of FINANCE be pleased to state: